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IN THE

Supreme Court of the United States

October Term, 1965
No. 366

McCULLOUGH TOOL COMPANY, *et al.*,

Petitioner,

vs.

WELL SURVEYS, INCORPORATED, *et al.*,

Respondent.

Petition for a Writ of Certiorari to the United States Court of Appeals for the Tenth Circuit.

EDWARD S. IRONS,
1000 Connecticut Avenue, N.W.,
Washington, D.C. 20036.

R. WELTON WHANN,
315 West Ninth Street,
Los Angeles, Calif. 90015,

Attorneys for Petitioner.

Parker & Son, Inc., Law Printers, Los Angeles. Phone MA. 6-9171.

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Respondent.

Petition for a Writ of Certiorari to the United States Court of Appeals for the Tenth Circuit.

McCullough Tool Company, Robert W. Pringle, Kenneth I. Roulston, George M. Brownell, and Philip W. Martin, Petitioners herein, pray that a Writ of Certiorari issue to review the judgment of the United States Court of Appeals for the Tenth Circuit entered in the above-entitled case on March 17, 1965.

OPINIONS BELOW.

The Opinion of the Court of Appeals for the Tenth Circuit (App., pp. 1a-57a) is reported at 343 F. 2d 381. The Opinion of the U.S. District Court for the Northern District of Oklahoma (App., pp. 61a-117a) is reported at 199 F. Supp. 374.

JURISDICTION.

The Judgment of the Court of Appeals for the Tenth Circuit was entered on March 17, 1965 (App. p. 58a). A timely petition for rehearing was denied on April 20, 1965 (App. p. 59a). The Court of Appeals for the Tenth Circuit granted a stay of the issuance of the mandate of that court pending disposition of a Petition for Writ of Certiorari to this Court provided that such Petition was filed on or before July 19, 1965 (App. p. 59a).

The jurisdiction of this Court is invoked under 28 U.S.C. 1254(1).

QUESTIONS PRESENTED.

1. Is a license under a package of patents, which requires payment of royalties on all activities within a "field" or "royalty base" intentionally defined in terms sufficiently broad to include operations covered only by the licensor's own expired patents,[1] a "royalty agreement which projects beyond the expiration date . . ." of the expired patents and hence unlawful *per se*?[2]

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[1]The court below held:

> ". . . The record . . . shows that the royalty base in many, if not all, of the license agreements includes operations covered by patents that expired after the agreements were entered into by the parties.[8]
>
> "[8]These are, of course, the Bender Reissue Patent which expired on October 18, 1955, and the Fearon Patent which expired on January 12, 1960." (App., pp. 51a-52a)

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[2]In *Brulotte v. Thys Co.*, 379 U.S. 29, 13 L.Ed. 2d 99, 85 S. Ct. 176 (1964), this Court announced the rule that:

> ". . . the use by patentee of royalty agreements that project beyond the expiration date of the patent is unlawful *per se*." (13 L. Ed. 2d 102).

2. Did respondent, which offered no evidence that the anticompetitive consequences of its past illegal acts had been dissipated, purge its sixteen-year period of misuse of the patents in suit by the mere abandonment of some but not all of the practices found to be illegal coupled with an offer to "negotiate" with respect to other practices found to be illegal which, in fact, were not terminated but continued after the date of the alleged purge?

3. Does the third paragraph of 35 U.S.C. 112 change the pre-existing law by expanding the scope of equivalents of an ingredient of a claim for a combination of old elements to include ingredients not known at the date of the patent but actually invented thereafter?

4. Does the constitutional "standard of invention" permit a construction of 35 U.S.C. 103 which would impart patentability to claims for a "combination" of old elements where the whole does not in some way exceed the sum of its parts?

CONSTITUTIONAL PROVISIONS AND STATUTES INVOLVED.

Article I, Section 8, clause 8, of the Constitution of the United States provides:

"The Congress shall have Power

* * *

"To promote the Progress of Science and useful Arts, by securing for limited Times to Authors and Inventors the exclusive Right to their respective Writings and Discoveries; . . ."

35 U.S.C. 103 provides:

"§103. Conditions for patentability; non-obvious subject matter

"A patent may not be obtained though the invention is not identically disclosed or described as set forth in section 102 of this title, if the differences between the subject matter sought to be patented and the prior art are such that the subject matter as a whole would have been obvious at the time the invention was made to a person having ordinary skill in the art to which said subject matter pertains. Patentability shall not be negatived by the manner in which the invention was made."

35 U.S.C. 112 provides:

"§112. Specification

"The specification shall contain a written description of the invention, and of the manner and process of making and using it, in such full, clear, concise, and exact terms as to enable any person skilled in the art to which it pertains, or with which it is most nearly connected, to make and use the same, and shall set forth the best mode contemplated by the inventor of carrying out his invention.

"The specification shall conclude with one or more claims particularly pointing out and distinctly claiming the subject matter which the applicant regards as his invention.

"An element in a claim for a combination may be expressed as a means or step for performing a specified function without the recital of structure, material, or acts in support thereof, and such claim shall be construed to cover the corresponding structure, material, or acts described in the specification and equivalents thereof."

35 U.S.C. 154 provides:

"§154. Contents and term of patent

"Every patent shall contain a short title of the invention and a grant to the patentee, his heirs or assigns, for the term of seventeen years, of the right to exclude others from making, using, or selling the invention throughout the United States referring to the specification for the particulars thereof. A copy of the specification and drawings shall be annexed to the patent and be a part thereof."

STATEMENT OF THE CASE.

In these consolidated cases Respondent Well Surveys Inc. has charged Petitioner McCullough Tool Company with infringement of three patents relating to radioactivity well logging. Petitioner defended on the ground that respondent's patents are invalid, are not infringed and are unenforceable by reason of misuse. Both the courts below held that respondent's patents were valid and infringed but unenforceable because of misuse for the period beginning June 11, 1940 and continuing until June 1, 1956 when the misuse was purged. Judgment was entered against petitioner for infringement occurring from and after June 1, 1956.

This petition presents the case of an industry in which competition has been effectively restrained since its inception in about 1940 by a plurality of illegal patent licenses. The licenses currently in use by respondent are of the "package" type. These package licenses have been carefully and successfully drawn to project respondent's royalty income from its basic or "pioneer" patents far beyond their expiration date. This litigation

followed petitioner's refusal, as one of respondent's major competitors, to become a party to such agreements.

Essential to respondent's scheme is an unexpired patent for a combination of old elements held valid and infringed by petitioner below.

In direct conflict with 35 U.S.C. 112 and the decisions of this Court, the tribunals below found infringement on the basis of an alleged equivalence between petitioner's device and that disclosed by respondent's patent, notwithstanding the fact that petitioner substituted for one of the old elements of the claimed combination a new element which was neither known nor invented as of the patent date.

In sustaining the validity of the "combination" patent the lower courts disregarded the standard of invention required by the patent clause of the Constitution as elucidated by this Court.

THE PATENTS IN SUIT.

The three patents in suit relate to the logging of oil wells by radioactive means. The logging apparatus consists of a tool lowered by a cable into the well bore. The tool is responsive to the natural radioactivity of the formations through which the well bore passes. The natural radioactivity may be enhanced by a radiation source such as an X-ray or a neutron-producing device incorporated into the tool. Signals reflecting such variations are carried through conductors within the cable to the surface of the ground, where a recording or "log" is produced in the form of a trace or line. The "log" is useful in locating oil-bearing formations.

The Bender Reissue patent No. Re. 23,226[3] was characterized by the Court of Appeals as "A primary or pioneer patent . . . to be given broad and liberal construction. . . ." (App., p. 36a). The pioneer Bender patent discloses and claims the basic concept on which all radioactivity well-logging is predicated. Bender discloses both natural gamma ray well logging and the use of an X-ray source to enhance the natural radioactivity of the formation. The pioneer Bender patent expired in 1955, but respondent still collects royalties for the use of the Bender invention.

The patent to Fearon, No. 2,308,361,[4] matured from an application filed in September of 1941, three years after the "pioneer" Bender patent No. 2,133,776 issued on October 18, 1938. The only difference between Fearon and Bender is the substitution of a neutron source of radiation for the X-ray source specifically taught by Bender. Both radiation sources were old prior to the Fearon invention. Fearon did not issue until January 12, 1943. The Fearon patent extended respondent's monopoly in the neutron-logging species of the pioneer Bender invention almost six years beyond the expiration date of the Bender patent. Fearon expired on January 12, 1960, but respondent still collects royalties for the use of the Fearon invention.

Respondent did not file the application for the patent to Swift, No. 2,554,844[5] in suit, until March 23, 1946, and the patent did not issue until May 29, 1951. In Swift, respondent simply associated in a single tool an old magnetic casing collar locator and the old radioactivity formation logging device of Bender.

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[3]R. Vol. VII, pp. 1100-1104.
[4]R. Vol. VII, pp. 1105-1108.
[5]R. Vol. VII, pp. 1109-1113.

The old collar locator, like the logging device of Bender, was lowered into the well on a cable. It "located" and reported through the cable to the surface the various "collars" by which the lengths of pipe forming the well casing were connected.

In the Swift assembly, the logging tool sends a continuous signal to the surface of the ground where it is recorded by a pen. The collar locator sends a signal in the nature of a surge of current through the same cable to the surface of the ground each time a casing collar is passed. In the specific arrangement shown in the Swift patent, the arrangement is such that the surge of current from the collar locator completely shuts off or interrupts the signal from the logging tool. Collars are indicated by the recording pen returning to the zero position when the logging signal is interrupted. The trial court expressly found:

> "63. Magnetic casing collar locators and radioactivity well logging systems were separately known long prior to the invention of the Swift patent. It was also old long prior to the invention of the Swift patent to transmit multiple signals over a common conductor." (App., p. 89a-90a).

The claims of the Swift patent are broad and functional. They cover any type of logging tool used in association with any type of casing collar locator.

Such an association of a collar locator and a logging tool is useful in connection with some of the operations performed by well surveying equipment. It is this Swift patent which respondent now utilizes to induce payment of royalties on Bender which expired in 1955 and Fearon which expired in 1960.

THE ILLEGAL LICENSING PRACTICES OF RESPONDENT.

Both courts below found respondent guilty of misuse during the time period from June 1, 1940 until June 1, 1956 when it was held that a "purge" had been effected (App., p. 55a; p. 117a).

The acts of respondent held to constitute the "purge" were effective only *in futuro*. Respondent merely abandoned some of the illegal practices of which it was guilty and offered to "negotiate" with respect to others which were not in fact terminated.

Respondent presented no evidence showing that competitive conditions, as of June 1, 1956, were the same as they would have been but for respondent's illegal practices. At least two royalty agreements which both courts found illegal were still in effect for at least six months after the June 1, 1956 "purge" date.[6]

Respondent, even as of the date of the judgment below, has continued to collect royalties for operations under its "pioneer" patent to Bender which expired in 1955 and under its Fearon patent which expired in 1960.

Respondent circumvented its obligation to dedicate the subject matter of these spent monopolies by utilization of a package license—a legal device commonly employed in the industry for that very purpose.

Respondent purposely associated the expired Bender and Fearon patents in a "package" of more than 50 patents including the Swift patent which had not expired.

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[6]Ex. 502, Second Book of Contracts, Agreements Nos. 26 and 30.

Respondent's package license requires royalties to be paid on all operations within a defined "field" of "radioactivity well surveying". The definition of the "field" was carefully drawn to include operations exclusively under the expired Bender and Fearon patents as well as under the various patents, including Swift, which had not expired.

These agreements were deliberately framed—not for any convenience of accounting—but for the sole purpose of projecting respondent's royalty income on the expired Bender and Fearon patents.

Thus by far the major portion of the "field" in which respondent collects royalties is in the public domain by reason of the expiration of Bender and Fearon. The express purpose of this arrangement was to perpetuate the Bender and Fearon monopolies. It cannot be excused under the guise of "convenience of accounting", as respondent insists, *Cf. Automatic Radio Mfg. Co. v. Hazeltine Research,* 339 U.S. 827, 94 L. Ed. 1312, 70 S. Ct. 894 (1950).

June 11, 1940 to April 16, 1951.

Respondent Well Surveys, Inc. was organized in 1939 —only one year after the "pioneer" Bender patent issued in 1938. It immediately embarked upon an illegal plan to secure exclusive possession of the market for radioactivity well logging apparatus which it foresaw would arise in connection with the practice of this newly invented logging method.

As a first step in this illegal scheme, respondent sought early in 1940 to acquire control of Bender which was then owned by Lane Wells Company.

The acquisition was accomplished by a contract dated June 11, 1940.[7] By this agreement all of the relevant patent rights of the two companies were consolidated in respondent. Lane-Wells was granted an exclusive license to practice radioactivity well surveying for others for hire, but *no* license to manufacture or sell apparatus.

This early contract was found to constitute a misuse by both lower courts. The objectionable features condemned by the courts below were:

(a) A requirement that Lane-Wells procure from respondent all radioactivity well logging equipment which it utilized; and

(b) A provision which foreclosed Lane-Wells during the term of the agreement from engaging in research and development work in the radioactivity well logging field.

On March 3, 1942, respondent and Lane-Wells entered into a second contract which contained the same illegal provisions as the first agreement.[8] The occasion for the second agreement was the acquisition by respondent of the Fearon application on the substitution of a neutron source of radiation in the Bender process.

By July 30, 1945, respondent had associated the old collar locating device with the Bender and Fearon radioactivity well logging devices in a single tool. This tool, which was to become the subject matter of the Swift patent No. 2,554,844, occasioned a further agreement dated July 30, 1945 between respondent and Lane-Wells.[9] This contract contained the same illegal provisions as the two which preceded it.

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[7]Ex. 501, First Book of Contracts, Agreement No. 7.
[8]Ex. 501, First Book of Contracts, Agreement No. 8.
[9]R. Vol. XIV, pp. 3031-3034.

Both courts below concurred in the conclusion that "By the agreements of June 11, 1940, March 3, 1942 and July 30, 1945, WSI [Respondent] misused its patents. . . ." (App., p. 46a).

These three illegal contracts were merged into and superseded by a new agreement between respondent and Lane-Wells dated April 16, 1951.[10]

April 16, 1951 to June 1, 1956.

The 1951 agreement was motivated by a change in the relationship between respondent and Lane-Wells and by changes in the competitive situation under which both operated. Just prior to the new agreement, Lane-Wells acquired one-half of the capital stock of respondent. Moreover, the field of commercial logging for hire was rapidly expanding. It had become evident that the exclusive license to Lane-Wells was not the most profitable exploitation of respondent's patent rights.

In consideration for relinquishment of its exclusive license under the WSI patents, Lane-Wells was to be paid $500,000.00 out of royalties expected to arise from licenses thereafter to be granted to third parties.

While it was one purpose of the 1951 agreement to enable respondent to license third parties, the terms on which such third party licenses could be granted were sharply restricted. By the express terms of the agreement, respondent could offer to third parties only two forms of license. These license forms were attached to the April 16, 1951 agreement as Exhibits A and B and

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[10]Ex. 501, First Book of Contracts, Agreement No. 9.

styled, respectively, "Immunity" license and "Research and Service" license.[11]

These "Research and Service" license forms and the license actually granted to Lane-Wells itself by the April 16, 1951 contract, were expressly limited to the right to render service to third parties for hire. No grant or license to manufacture apparatus was included. The proposed "Research and Service" agreement form contained a covenant by respondent to make available a source of apparatus but the licensee was granted no right to purchase equipment from any other source.

Respondent issued "Research and Service" package license agreements in substantially the same form required by its April 16, 1951 agreement with Lane-Wells.

The trial court held, and the court below affirmed, that both the April 16, 1951 contract and the "Research and Service" licenses issued pursuant to it constituted a further and continuing misuse of respondent's patents.

First, the April 16, 1951 agreement itself was found to be illegal because it imposed "definite restrictions and restraints upon WSI's own activities and dealings with third parties with regard to its patents" (App., p. 49a).

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[11]The "Immunity" license was expected to be useful only in connection with large concerns which owned laboratories and instrument-making facilities. It granted a mere immunity from suit under respondent's patents at a distinctly lower royalty rate than the "Research and Service" license agreements proposed for new entrants into the service field. These "Immunity" licenses included a grant of the right to manufacture instruments for the *sole* use of the licensee but contained restrictions upon the resale thereof.

Second, the lower court found, and the Court of Appeals affirmed, "that the practical effect of the Research-Service License Agreements issued pursuant to the April 16, 1951 contract was to require such licensees to purchase the necessary instruments from WSI . . ." thus establishing the "prohibited 'tying arrangement' that existed in the three prior contracts" (App., pp. 48a-49a).

The court below also affirmed the ruling of the trial court that the April 16, 1951 agreement and the "Research and Service" and "Immunity" license agreements issued pursuant thereto were not illegal package licenses requiring the payment of post-expiration royalties. (App., pp. 53a-55a).

This holding is in conflict with the decisions of other federal courts which have considered the same point and in conflict in principle with the repeated recognition by this Court that the subject matter of expired patents is dedicated to the public.

Both the April 16, 1951 agreement between respondent and Lane-Wells and the "Immunity" and "Research and Service" agreement forms for third parties were carefully drawn in light of the fact that Bender would expire in less than five years and Fearon in less than nine. Each of these forms of agreement was deliberately framed to insure the same royalty income after the expiration of these patents as before. These agreements abolished any line between the statutory term of Bender and Fearon and the post-expiration period.

Both the agreement between respondent and Lane-Wells and the "Research and Service" and "Immunity" agreements issued pursuant thereto were of the "package" type which included all of respondent's patents

relating to radioactivity well logging. Both of these agreements purported to license the use of this package of patents in a "field" or "royalty base" *defined without regard to the scope of the patent claims* and *without regard to the expiration dates of any of the licensed patents.* Royalties were to be paid and were in fact paid, on *all* operations within the defined field, at the same rate, throughout the term of the agreement. Specifically, these agreements required the payment of royalties on all operations in the field of "radioactivity well surveying". This "field" was deliberately couched in terms broad enough to cover all logging operations which could be performed under the Bender and Fearon patents.

The situation was aggravated by the fact that the "Research and Service" and "Immunity" agreement forms—the only licenses available to third parties—were for a minimum term of *five* years. *During this minimum term Bender would expire but there would be no adjustment of the royalty rate and no modification of the field or "royalty base".* The Fearon patent also would expire before the expiration of the minimum term of the majority of such licenses.

Respondent continued to use such royalty agreements at least until the date judgment was entered by the trial court. With respect to these "Research and Service" "field" license agreements, the court below stated:

> ". . . It is undisputed that the license agreements in question are of the 'package' type, under which all of WSI's patents in the field of radioactivity are included. The record does, indeed, show that under most, if not all, of those agreements the royalties payable are based upon the gross charges

made by the licensee for his radioactivity well logging operations, including those not covered by the WSI patents. The record also shows that the royalty base in many, if not all, of the license agreements includes operations covered by patents that expired after the agreements were entered into by the parties.[8] In addition, the trial court found, and the evidence confirms, that WSI continued to the date of judgment below to grant licenses in which the royalty base includes receipts derived from operations covered by the expired Bender Reissue and Fearon Patents, . . .

"[8]These are, of course, the Bender Reissue Patent which expired on October 18, 1955, and the Fearon Patent which expired on January 12, 1960." (App., pp. 51a-52a).

The June 1, 1956 Agreement and the Alleged Purge.

On June 1, 1956, immediately prior to the commencement of this litigation, respondent tacitly acknowledged the illegality of the pre-existing licensing practices. On that date, respondent and Lane-Wells entered into a new agreement[12] which effectively terminated the agreement of April 16, 1951 and eliminated the restrictions upon the right of respondent to deal with third parties in connection with its patents.

The June 1, 1956 agreement *did not,* however, terminate nor affect the "Research and Service" licenses already consummated with third parties upon illegal terms. Some of these agreements—which both courts below found to be illegal—continued in effect without modification after the alleged purge date.

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[12]Ex. 501, First Book of Contracts, Agreement No. 10.

In apparent acknowledgment of the illegality of these agreements, respondent also notified its licensees in May of 1956 that it would renegotiate the licenses or negotiate a new license under any of its patents on "reasonable terms".[13] These illegal agreements were not terminated as of the date of such notices or on June 1, 1956 but continued in effect thereafter.

The *bona fides* of respondent's offer of "reasonable terms" is seriously challenged by its actual conduct with respect to those of its licensees who tried to avoid the payment of post-expiration royalties on operations under Bender.

For example, Welex Jet Services, Inc. became a party to an illegal "Research and Service" license granted June 27, 1951[14] and issued pursuant to and in the form provided by the illegal contract of April 16, 1951.

While the Welex license was still in force, and during its original minimum five-year term which did not expire until June 27, 1956, the "pioneer" Bender patent expired on October 18, 1955. On May 15, 1956, respondent wrote to Welex, offered to terminate the existing agreement and professed a willingness to license under other reasonable terms any or all of its patents.[15] This "offer" proved to be a hollow gesture. The only alternative actually offered was an "Immunity" agreement which, like the "Research and Service" license

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[13]The offer was by way of letters to the licensees (R. Vol. XIV, pp. 3060 and 3085-3086) and the notice in the Official Gazette of the United States Patent Office for May 28, 1956 (R. Vol. XIV, pp. 3215-3216). The notice in the Gazette significantly omitted the Swift patent and was limited to sixty-eight specifically identified patents owned by respondent.

[14]Ex. 502, Second Book of Contracts, Agreement No. 26.

[15]R. Vol. XIV, p. 3060.

to which Welex was already a party, was a "field" license under all of respondent's patents. Like the "Research and Service" license, it required payment of royalties for operations under Bender without regard to the expiration of that patent.

On September 27, 1956, Welex wrote respondent drawing attention to the expiration of Bender and to the fact that natural gamma ray logging disclosed by Bender was in the public domain. It suggested revisions of respondent's proposal which included a reduced royalty rate in view of the expiration of the "pioneer" patent and exclusion of gamma ray logging from the "field" or royalty base.[16] The negotiations culminated in an exchange of letters dated May 9, 1957 and May 14, 1957.[17] In this correspondence Welex pointed out that more than 40% of its operations were natural gamma ray logging only and hence within the dedicated Bender invention. Welex objected to payment of the full 15% royalty demanded by respondent for its "Research and Service" package, including the spent Bender patent.

Respondent rejected the Welex complaint. Respondent refused to relinquish its post-expiration royalties on the Bender process.[18]

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[16]R. Vol. XIV, pp. 3068-3070.

[17]R. Vol. XIV, pp. 3062 and 3063-3065.

[18]Welex ultimately cancelled its "Research and Service" license by notice dated April 25, 1957 after its attempts to obtain a satisfactory modification failed. Following this termination, Welex accepted an "Immunity" agreement which still contained the broad

While Welex finally avoided payment of royalties on the practice of the expired Bender invention, other "Research and Service" licensees were not in a position to act similarly. Welex had merged with Halliburton Oil Company and thus had a source of instrumentation. Other "Research and Service" licensees had no such recourse. Respondent continued to refuse to sell its instruments to anyone except its "Research and Service" licensees until September 29, 1958.

Finding of Fact 127 of the trial court states:

> "127. WSI has continued to the date of this finding to grant licenses in which the royalty base is all of the licensee's receipts from radioactivity well logging operations, including those covered by the expired Bender and Fearon neutron patents, except where the licensee has accepted WSI's offer to grant a license on an individual patent basis or on some other narrower basis. WSI continues to the date of this finding to receive royalty payments from one or more of its licensees calculated on a royalty base which includes receipts of the licensee from operations covered by the said expired Bender and Fearon patents."[19] (App., p. 110a).

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royalty base, including the natural gamma ray well logging techniques of Bender. This "Immunity" agreement was terminated in November of 1957 and Welex became nonlicensed.

[19]See also Finding of Fact 117 of the trial court. (App., p. 107a).

REASONS WHY THE PETITION SHOULD BE GRANTED.

1. The Lower Federal Courts Are in Direct Conflict Concerning the Legality of Package "Field" Licenses of the Type Here in Issue.

The conflict has arisen as a result of different interpretations which these tribunals have placed on the relevant decisions of this Court.

Such licenses are in common use throughout industry. Their legality is, therefore, a matter of substantial public importance. Respondent has correctly stated:

> "It is a very common practice for patent licensors, particularly where a large number of patents relating to a process, or a system, or a class of products is being licensed, to offer a license under all the patents in return for a percentage royalty on the licensee's total receipts from use of the process or system, or from sale of the line of products, without considering whether particular operations, or products, are covered by one or more unexpired patents. Licenses of this type are particularly common in industries involving a high level of research and development, such as the electronics, chemical, petroleum and radio industries, but there are few major industries which do not employ them to a substantial extent."[20]

This petition should be granted to resolve the existing conflict in decisions in the lower courts and to demonstrate, by proper application of the authoritative rulings of this Court, the inherent illegality of such "field" licenses.

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[20]Page 5, Brief of Well Surveys, as *Amicus Curiae* in *Burlotte et al. v. Thys Co.*, 379 U.S. 29, 13 L. Ed. 2d 99, 85 S. Ct. 176 (1964)

a. The Decision Below Is in Direct Conflict With the Controlling Decisions of This Court.

This Court has repeatedly forestalled attempts to compromise the paramount public right to the free use of the subject matter of expired patents. *Kellogg Co. v. National Biscuit Co.*, 305 U.S. 111, 83 L. Ed. 73, 59 S. Ct. 109 (1938); *Singer Mfg. Co. v. June Mfg. Co.*, 163 U.S. 169, 41 L. Ed. 118, 16 S. Ct. 1002 (1896); *Scott Paper Co. v. Marcalus Mfg. Co.*, 326 U.S. 249, 90 L. Ed. 47, 66 S. Ct. 101 (1945); and *Brulotte v. Thys Co.*, 379 U.S. 29, 13 L. Ed. 2d 99, 85 S. Ct. 176 (1964).

These decisions culminated last term with the ruling in *Brulotte* that

> "The use by a patentee of royalty agreements that project beyond the expiration date of the patent is unlawful *per se*." (13 L. Ed. 2d at 100).

In the same decision, the Court reaffirmed and quoted verbatim the rule of *Scott Paper* that

> ". . . any attempted reservation or continuation in the patentee or those claiming under him of the patent monopoly, after the patent expires, whatever the legal device employed, runs counter to the policy and purpose of the patent laws." (13 L. Ed. 2d at 101).

Notwithstanding these repeated admonitions by this Court, many of the lower federal tribunals have insisted on advancing the private interest of the patentee in derogation of the public right by condoning first one legal device and then another which projects spent patent monopolies into the post-expiration period.

The decision below is the latest in this category. It condones a common legal device, a "field" license under a package of patents, by which a patent owner effectively collects royalties on the more important patents long after expiration. The Tenth Circuit has expressly held that respondent may legally collect royalties under its package license agreements "on operations covered" by the expired "pioneer" Bender patent and also on the expired Fearon patent.

Respondent has thus avoided his obligation to surrender the inventions of these spent monopolies to free public practice by the transparent expedient of associating the expired patents in a package with others of minimal importance which survive the expiration date.

The decision below rests on the court's interpretation of *Automatic Radio Mfg. Co. v. Hazeltine Research,* 339 U.S. 827, 94 L. Ed. 1312, 70 S. Ct. 894 (1950). In sustaining respondent's package licenses, the court below held:

> ". . . The validity of such an agreement was upheld by the Supreme Court in Automatic Radio Mfg. Co. v. Hazeltine Research, Inc. 339 U.S. 827, 70 S.Ct. 894, 90 L.Ed. 1312. The facts in that case are almost identical with the facts in this case. There, as here, the license agreements offered by the patentee were of the so-called package type and included all of its present and future patents. The package licenses were offered for a flat percentage of the licensee's operations, whether or not any of the patents were used. *There, as here, some but not all of the patents had expired before the license agreement in question was executed and more of them would expire during the effective period of the agreement. . . .*" (Emphasis added.) (App., p. 53a).

The court thus accepted the very interpretation of *Automatic Radio* advanced by respondent in its Brief *Amicus Curiae* in *Brulotte*—and rejected by this Court in announcing in that case the rule that all post-expiration royalty contracts are "unlawful *per se*".

The decision below clashes head-on with the refusal of this Court in *Brulotte* "to extend" *Automatic Radio* "so as to project the patent monopoly beyond the 17-year period".

The court below ignored the fact, emphasized by *Brulotte*, that in *Automatic Radio*

> "The petition for certiorari did not in the questions presented raise the question of the effect of the expiration of any of the patents on the royalty agreement." (13 L. Ed. 2d at 102, footnote 5)

The court below ignored the fact, by which this case is fundamentally *distinguished* from *Automatic Radio*, that respondent's licenses were *not* adopted as a mere matter of business convenience—but instead were *deliberately* framed to extend the spent monopolies of the Bender and Fearon patents into another term.

The court gave lip service to the "principles enunciated in *Brulotte*". It then side-stepped application of those principles by *"distinguishing" Brulotte* on its facts. The court said:

> "We have held our decision in this case in abeyance pending the opinion of the Supreme Court in Brulotte v. Thys Co., ... U.S. ...., 13 L. Ed. 2d 99. It was thought that Brulotte would have some bearing upon the aspect of the misuse issue presently before us and further arguments as to its applicability were heard upon the court's own mo-

tion. However, from those arguments and after a careful study of the Brulotte opinion, we are convinced that it does not compel or even justify a reversal on the issue of misuse. . . . (App., p. 54a).

"We certainly recognized the principles enunciated in Brulotte and the other cases but think there are important distinctions between those cases, on the one hand, and the Hazeltine case and this case, on the other. In Brulotte and Ar-Tik the license agreement under consideration attempted to extend the period for paying royalties beyond the date of expiration of the last of the patents covered by the agreement. . . ." (App., pp. 54a-55a).

Review should be granted to dispel *at this time* any residual argument that *Automatic Radio* in any way compromises the paramount public right to the free use by all of the subject matter of a spent patent monopoly.

It should be made clear *now* that the particular facts of *Brulotte* afford no basis for avoiding its fundamental ruling which condemns, as *per se* illegal, *all* efforts to project expired patents into another term, *whatever* the legal devices employed.

b. The Decisions of the Lower Federal Courts Are in Conflict Concerning the Legality of Package Licenses of the Type Used by Respondent.

The decision below is in direct conflict with:

(1) the decision of the Third Circuit in *American Securit Co. v. Shatterproof Glass Corp.*, 268 F. 2d 769 (1959), and

(2) the decision of the United States District Court for the District of Maryland in *Techno-*

graph Printed Circuits v. Bendix Aviation Corp., 218 F. Supp. 1 (1963), *aff'd. per curiam on other grounds*, 327 F. 2d 497 (4 Cir. 1964).

In *American Securit*, the Third Circuit considered "a standard form of license agreement" which provided for "a grant of a license under all" of the plaintiff's "patents related to the industry for the specific royalty of 2¢ per square foot of glass manufactured and sold by the licensee". The agreement also provided for termination by the licensee as to all of the licensed patents after one year from the date of execution by giving 30 days' notice in writing to the licensor.[21]

The Third Circuit held the package "field" license in *American Securit* illegal on two independent grounds.

First, the court noted that the acceptance of the package was mandatory because the same royalty was demanded for one or all of the patents in the package. In so holding the court expressly relied on the decision of this Court in *Automatic Radio, supra.*

The court then held the package license was illegal for a further and independent reason "quite apart from" the fact that it was "mandatory". The court stated this second independent ground of illegality as follows:

> "We conclude also, and *quite apart from all of the foregoing*, that Paragraph 8(a) of Securit's Standard Licensing Agreement which provides that that agreement shall continue 'in full force and effect to the expiration of the last to expire of any' of Securit's patents set out in 'Schedule A' constitutes a patent misuse for it extends the pay-

[21]Facts concerning the license are recited in the opinion of the District Court, 154 F. Supp. 890, 894 (D. Del., 1957).

ment of royalties of patents under patents which may expire to the expiration date of that patent most recently granted to Securit. Indeed the expiration [sic "termination"][22] clause of the contract works an 'aggravating hardship' on the licensee as Judge Leahy stated, in that it demands the renunciation of all patents, whether wanted or unwanted under the license.

"We conclude *for these reasons* also that under the circumstances at bar the court below committed no error in ruling that Securit had misused its patents, and that this misuse constituted a valid defense to the infringement suit." (Emphasis added.) (268 F. 2d at 77)[23]

The direct conflict between the decision below and the decision in *American Securit* is self-evident.

In this case, the Tenth Circuit has expressly condoned respondent's package "field" licenses pursuant to which it *still* collects royalties on the "pioneer" Bender

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[22]In this portion of the opinion, the Court of Appeals paraphrased the holding of the trial court that

". . . the *termination* provision works an equal, even more aggravating hardship upon the licensee in that, when invoked, it demands the renunciation of all patents—wanted and unwanted—under the license". (Emphasis added.) (154 F. Supp. at 895).

[23]The court below "distinguished" *American Securit* on the specious ground that:

". . . In the Ar-Tik and Shatterproof cases the licensees were coerced into taking a license agreement covering all of the licensor's patents by virtue of the licensor's refusal to grant anything but a package license agreement covering all of the patents. In other words, the licensee in those cases had to take all or none of the patents and no alternative was available . . ." (App., p. 55a)

This distinction is not valid. The Third Circuit did *not* rest its decision with respect to the misuse consequent from the post-expiration royalty aspects of the package license on coercion.

patent which expired in 1955 and on the Fearon patent which expired in 1960.

The Third Circuit, in *American Securit,* held a package "field" license of the same type illegal for the very reason that it extended for the life of the agreement the payment of royalties on patents which had expired during the contract term.

The decision below is also in direct conflict with the decision in *Technograph, supra,* in which the U.S. District Court for the District of Maryland applied *American Securit* to the same offensive type of package "field" license.

In *Technograph,* the court noted that the validity of such agreements was questioned by the Fourth Circuit Court of Appeals in *Baker-Cammack Hosiery Mills v. Davis Co.,* 181 F. 2d 550, 573 (1950), *cert. den.* 340 U.S. 824, 95 L. Ed. 605, 71 S. Ct. 58 (1950), because it "might easily lend itself to an unreasonable restraint of trade by extending patents beyond their legal limit. . . ." The Maryland court then quoted the portion of the *American Securit* decision reproduced *supra,* and stated:

> "This court is in accord with the Third Circuit holding." (218 F. Supp. at 49.)

The decision below conflicts in principle with decisions of the lower federal courts in antitrust cases which recognize the inherent anticompetitive consequences of the perpetuation of expired patents by association of the spent monopolies with "know-how", with pending patent applications, or with some other form of consideration which will survive the patent term.

In *United States v. Timken Roller Bearing Co.*, 83 F. Supp. 284, 313 (N.D. Ohio 1949), *modified on other grounds*, 341 U.S. 593, 95 L. Ed. 1199, 71 S. Ct. 971 (1951), the Court condemned an attempt to use "know-how" to perpetuate the "favored position" of a patentee into the post-expiration period:

> "We are, here, confronted with a situation wherein a patentee, upon the expiration of its patent monopoly, seeks to justify the perpetuation of the favored position it enjoyed by virtue of the patent through the ingenious theory of furnishing know-how. If lawful restraints and monopolies could be predicated on the ownership of know-how they could last ad infinitum. This Court cannot subscribe to such unharnessed privilege."

In *United States v. National Lead Co.*, 63 F. Supp. 513, 524 (S.D.N.Y. 1945), *aff'd*, 332 U.S. 310, 91 L. Ed. 2077, 67 S. Ct. 1634 (1947), the Court critically observed that the package agreements there in issue extended

> ". . . to patents not yet issued and to inventions not yet imagined. They applied to commerce beyond the scope of any patents. They extended to a time beyond the duration of any then-existing patent. Ethyl Gasoline Corporation v. United States, 1940, 309 U.S. 436, 456, 60 S. Ct. 618, 84 L. Ed. 852. They embraced acknowledgment of patent validity with respect to patents not yet issued, nor applied for, and concerning inventions not yet conceived. . . ."

The expiration of the pioneer Bender patent placed in the public domain the entire field of natural gamma ray well logging, yet respondent compelled Welex to pay royalties on the 40% of its activities in that field long after Bender expired.

The expiration of Fearon placed the entire field of neutron logging in the public domain, yet respondent continues to collect royalties for operations under that expired patent.

c. The Decision Below Conflicts With the Rule That Each Patent Must Stand on Its Own Footing and Not in Whole or in Part on the Appeal of Another.

It is self-evident that the primary appeal of respondent's "package" resided in the Bender and Fearon patents.

Respondent used the leverage of these monopolies to project royalties thereon into the post-expiration period.

Even after these monopolies expired, respondent's package licensees, to obtain rights under the unexpired Swift patent, were obliged to accept the obligation to pay royalties on all operations within the "radioactivity well surveying" field and hence under the spent Bender and Fearon monopolies. Respondent's royalty reward is not determined by the quality of each of its patents individually. Respondent has fashioned a fagot of expired and unexpired patents in which each patent strengthens its monopoly by drawing on another. The decision below which sustains respondent's field licenses is in conflict with the rule announced in *United States*

v. Paramount Pictures, Inc., 334 U.S. 131, 158, 92 L. Ed. 1260, 68 S. Ct. 915 (1948) and reaffirmed verbatim in *United States v. Loew's, Inc.*, 371 U.S. 38, 9 L. Ed. 2d 11, 83 S. Ct. 97 (1962) in the following terms:

> ". . . The copyright law, like the patent statutes, makes reward to the owner a secondary consideration. In Fox Film Corp. v. Doyal, 286 U.S. 123, 127, 76 L.Ed. 1010, 1014, 52 S.Ct. 546, Chief Justice Hughes spoke as follows respecting the copyright monopoly granted by Congress, 'The sole interest of the United States and the primary object in conferring the monopoly lie in the general benefits derived by the public from the labors of authors.' It is said that reward to the author or artist serves to induce release to the public of the products of his creative genius. But the reward does not serve its public purpose if it is not related to the quality of the copyright. Where a high quality film greatly desired is licensed only if an inferior one is taken, the latter borrows quality from the former and strengthens its monopoly by drawing on the other. The practice tends to equalize rather than differentiate the reward for the individual copyrights. Even where all the films included in the package are of equal quality, the requirement that all be taken if one is desired increases the market for some. Each stands not on its own footing but in whole or in part on the appeal which another film may have. As the District Court said, the result is to add to the monopoly of the copyright in violation of the principle of the patent cases involving tying clauses."

2. The Ruling Below That Respondent Purged Its Misuse on June 1, 1956 Conflicts in Principle With the Decisions of This Court and Directly With the Decision of the Sixth Circuit in Preformed Line Products Co. v. Fanner Mfg. Co., 328 F.2d 265 (1964), Cert. Den. 379 U.S. 846, 13 L. Ed. 2d 51, 85 S.Ct. 56 (1965).

In *U. S. Gypsum Co. v. National Gypsum Co.*, 352 U.S. 457, 1 L. Ed. 2d 465, 77 S. Ct. 490 (1957), the Court noted that:

> ". . . It is now, of course, familiar law that the courts will not aid a patent owner who has misused his patents to recover any of their emoluments accruing during the period of misuse or thereafter until the effects of such misuse have been dissipated, or 'purged' as the conventional saying goes. Morton Salt Co. v. G. S. Suppiger Co. 314 US 488, 86 L ed 363, 62 S Ct 402; B.B. Chemical Co. v. Ellis, 314 US 495, 86 L ed 367, 62 S Ct 406; Edward Katzinger Co. v. Chicago Metallic Mfg. Co. 329 US 394, 91 L ed 374, 67 S Ct 416, 424; MacGregor v. Westinghouse Electric & Mfg. Co. 329 US 402, 91 L ed 380, 67 S Ct 421, 424; Mercoid Corp. v. Minneapolis Honeywell Regulator Co. 320 US 680, 88 L ed 396, 64 S Ct 278 . . . ." (352 U.S. at 465; 1 L. Ed. 2d at 471).

The court below refused to apply this "familiar law". It did not require respondent to prove dissipation of the consequences of its 16-year pattern of misconduct.

In holding that a purge of the 16-year period of misuse was effected overnight on June 1, 1956, the court below stated:

> ". . . The new agreement forms provided by the June 1, 1956, contract eliminated the two con-

ditions in the April 16, 1951, agreement which were held to be improper. In addition, WSI notified its licensees and potential licensees by letter and public notice that it would enter into new agreements or re-negotiate old agreements on reasonable terms under any or all of its patents." (App., p. 50a).

The mere cancellation of this illegal April 16, 1951 agreement, of course, did not dissipate the illegal consequences even of the five years it was in effect. Included among such consequences were the "Research and Service" agreements consummated between respondent and third parties which both courts also found to be illegal as constituting "a prohibited tying arrangement" (App., pp. 48a-49a). At least two of these illegal "Research and Service" license agreements survived the alleged purge of June 1, 1956.

Respondent's "offer" to "renegotiate" these illegal agreements was totally ineffective as a purge.

The acceptance by the court below of the "offer" to renegotiate as significant on the purge issue clashes head-on with rejection by this Court of a similar offer by the guilty patent owner in *B. B. Chemical Co. v. Ellis,* 314 U.S. 495, 86 L. Ed. 367, 62 S. Ct. 406 (1942).

Moreover, the record challenges the good faith even of respondent's ineffective offer. Welex was never able to obtain a license which did not require payment of royalties on operations under the expired Bender patent.

The decision below is in direct conflict with the recent decision of the Sixth Circuit in *Preformed Line Products Co. v. Fanner Mfg. Co., supra.*

In *Preformed,* the District Court held a separate trial which lasted a full week on the purge issue alone at which evidence was received on the state of competition in the industry.[24]

The Sixth Circuit Court expressly recognized the requirement that the illegal practice not only be abandoned but that the consequences thereof must be dissipated by the patent owner. It affirmed the conclusion of the trial court that the consequences of the misuse had not been dissipated for a substantial time period after the cessation of the illegal conduct. The appellate court stated:

> "In determining whether the plaintiff has purged itself of its misconduct in the use of its patents, the Court must give primary consideration to the rights of the public. 'In an equity suit, the end to be served is not punishment of past transgression, nor is it merely to end specific illegal practices. A public interest served by such civil suits is that they effectively pry open to competition a market that has been closed by defendants' illegal restraints.' International Salt Co., Inc. v. United States, 332 U.S. 392, 401, 68 S. Ct. 12, 17, 92 L. Ed. 20.
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> "The plaintiff has attempted to fix its own date as to the time the purge was effected. It arrives at this date as the time that it discontinued its illegal practices. That is only a part of the requirement for a purge. The date of the discontinuance of illegal acts can be ascertained with a fair

[24]See the "Brief in Opposition" to the Petition for a Writ of Certiorari, No. 189, October Term, 1964.

degree of certainty but the date when the consequences of such acts are dissipated cannot be determined with precision. . . ." (328 F. 2d at 279.)

The decision below is typical of the rulings of many of the Circuit Courts of Appeal by which the misuse doctrine is eroded by relaxation of the prerequisites to an effective purge which have consistently been demanded by this Court. These Courts of Appeal have adopted the rule that mere termination of an offensive practice constitutes a purge. They give lip service at best to the further requirement that the patent owner show dissipation of the consequences of his anticompetitive acts. As a practical matter, the requirement of dissipation has been disregarded.

The Fourth Circuit has decided four cases involving the purge of a misuse. In the last of these cases, *Eastern Venetian Blind Co. v. Acme Steel Co.*, 188 F. 2d 247 (1951), the court, in finding the misuse purged by a mere abandonment of the objectionable practice, held:

"... By these actions whatever defect was found in the early licenses has now been removed and the case falls within the rule which is equally well established that even if a patentee has in the past misused his patents, he is entitled to equitable relief after the misuse has been fully abandoned. See the following decisions of this court and the cases therein cited. Sylvania Industrial Corp. v. Visking

Corp., 4 Cir., 132 F. 2d 947, 958; Westinghouse Elec. Corp. v. Bulldog Electric Products Co., 4 Cir., 179 F.2d 139, 145-146; Baker-Cammack Hosiery Mills v. Davis Co., 4 Cir., 181 F.2d 550, 571. See, also, Novadel-Agene Corp. v. Penn, 5 Cir., 119 F.2d 764; Campbell v. Mueller, 5 Cir., 159 F.2d 803." (188 F. 2d at 254.)

Thus the Fourth Circuit, in conflict with the decisions of this Court and with the decision of the Sixth Circuit in *Preformed,* has totally eliminated the requirement that the patent owner guilty of misuse demonstrate that the consequences of the misuse have been dissipated as a prerequisite to enforcement of his patents. In the Fourth Circuit, mere abandonment of the illegal practice is sufficient.

The Third Circuit appears to have adopted the same view in *Metals Disintegrating Co. v. Reynolds Metals Co.,* 228 F. 2d 885 (1956).

The same philosophy is expressed by the Ninth Circuit in *Berlenbach v. Anderson and Thompson Ski Co.,* 329 F. 2d 782 (1964) and in *Zajicek v. Koolvent Metal Awning Corp. of America,* 283 F. 2d 127 (1960).

Certiorari should be granted in this case to preclude further erosion of the misuse doctrine and reinstate the requirement of full dissipation of the anticompetitive consequences of the unlawful conduct as an essential element of purging.

3. The Decision That the Swift Patent Is Infringed Violates 35 U.S.C. 112 and Conflicts With the Decisions of This Court Defining the Scope of Equivalents Applicable to Claims for Combinations of Old Elements.

As the trial court found, the Swift patent is for a "combination" of old elements. The elements which make up the "combination," as disclosed in the Swift patent, are an old magnetic casing collar locator and an old radioactivity surveying tool.

Petitioner's device held to infringe the Swift claims does not use any surveying tool described by Swift. Instead petitioner uses the particular type of well survey apparatus shown in the petitioner's Pringle patent No. 2,686,266 in suit. Finding of Fact 90 by the trial court states:

> "90. The invention of the Pringle et al. Patent No. 2,686,266 was not introduced, imported or made known by Pringle et al. within the United States prior to November 10, 1949, the date when the corresponding Canadian patent application was filed The earliest effective invention date for the Pringle et al. patent is therefore November 10, 1949." (App., p. 97a).

Thus, petitioner substituted for the old surveying tool disclosed in Swift the Pringle tool *which was not known and had not been invented* at the time the application for the Swift patent was filed on March 22, 1946.

The court nevertheless held that petitioner's tool was equivalent to that described in Swift and for that reason infringed the Swift claims.

This holding violates 35 U.S.C. 112 and controlling decisions of this Court.

The third paragraph of 35 U.S.C. 112 provides:

> "An element in a claim for a combination may be expressed as a means or step for performing a specified function without the recital of structure material, or acts in support thereof, and such claim *shall* be construed to cover the corresponding structure, material, or acts *described* in the specification and *equivalents* thereof." (Emphasis added.)[25]

Petitioner admittedly does not use *any* surveying tool "described" in the Swift patent.

The sole question is whether the court properly determined that petitioner used an "equivalent thereof" by substituting the new Pringle surveying device in the Swift "combination".

The controlling decisions of this Court compel a negative answer and a finding of noninfringement.

In *Gill v. Wells,* 89 U.S. (22 Wall.) 1, 28, 22 L. Ed. 699, 711 (1874) this Court enunciated the following principles by which infringement of claims directed to old combinations to be determined:

> "Whether one device is or is not an equivalent for another is usually a question of fact, and often becomes a difficult issue to decide. Grave doubts were at one time entertained whether the patentee of an invention consisting of a combination of old ingredients was entitled to equivalents, but it is now well settled that he is just as much as the patentee of any other class of inventions; but it is very important to understand what is meant by an equivalent of an ingredient in such a combination.

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[25]The Reviser's Note with respect to this portion of the Statute states:

"A new paragraph relating to functional claims is added."

Questions of the kind usually arise in comparing the machine of the defendant in a suit for infringement with that of the plaintiff, and the rule is that if the defendant omits entirely one of the ingredients of the plaintiff's combination, without substituting any other, he does not infringe, and if he substitutes another in the place of the one omitted, which is new or which performs a substantially different function, or even if it is old but was not known at the date of the plaintiff's patent as a proper substitute for the omitted ingredient, he does not infringe. By an equivalent in such a case it is meant that the ingredient substituted for the one withdrawn performs the same function as the other, and that it was well known at the date of the patent securing the invention as a proper substitute for the one omitted in the patented combination. Hence it follows that a party who merely substitutes another old ingredient for one of the ingredients of a patented combination is an infringer if the substitute performs the same function as the ingredient for which it was substituted, and was well known at the date of the patent as a proper substitute for the omitted ingredient; *but the rule is otherwise if the ingredient substituted was a new one or performed substantially a different function, or was not known at the date of the plaintiff's patent as a proper substitute for the one omitted, as in that event he does not infringe.*" (Emphasis added.)

This rule was repeated and reiterated in *Fuller v. Yentzer*, 94 U.S. 288, 296, 297, 24 L. Ed. 103, 106 (1877). It was reaffirmed in *Halliburton Co. v. Walker*, 329 U.S. 1, 91 L. Ed. 3, 67 S. Ct. 6 (1946). It represented the law at the time the 1952 Act was passed.

It is clear that the intent of Congress in adopting the final paragraph of 35 U.S.C. 112 was to *preserve* and not to vitiate this statutory rule.

This *new* provision in the statute reflects the Congressional endorsement of combination claims in which elements are defined ". . . as a means . . . for performing a specified function without the recital of structure . . .". But Congress was aware of the danger implicit in functional claims of unlimited scope. See *Halliburton Co. v. Walker, supra.* Congress was careful to include in the statute the *mandatory* provision that such functional claims *shall* be construed to cover only what is "described in the specification" and "equivalents thereof".

The foregoing authorities demonstrate that the expression "equivalents" had a well understood and narrow meaning at the time the Act was passed.

The legislative history reflects that at one point it was suggested that the expression "the equivalents thereof" in the statute be followed by the further expression "whether or not known at the time the invention was made". This proposal was not adopted.[26]

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[26]The particular form of the statute with respect to which the proposal was made reads as follows:

> "An element in a claim for a combination may be expressed as a means or step for performing a specified function without the recital of structure or acts in support thereof and such claims shall be construed to cover the corresponding structure, material, or acts described in the specification and equivalents thereof."

The proposed changes appear in the pamphlet entitled "Patent Law Codification and Revision", subtitle "Hearings Before Subcommittee No. 3 of the Committee on the Judiciary, House of Representatives, 82nd Congress, 1st Session, on H.R. 3760". On page 33 of this pamphlet there is a heading: "Changes in H.R. 3760 Made at the Coordinating Committee Meeting in Wash-

The conclusion is inescapable that 35 U.S.C. 112 forecloses the finding of infringement by the court below.

4. The Court Below Applied an Improper Standard of Invention to Sustain the Validity of the Swift Patent.

The lower federal courts are in fundamental conflict concerning the proper application of the constitutional standard of invention now codified in 35 U.S.C 103.

The basis of the conflict is reflected in the certiorari papers and the briefs on the merits which have been filed in connection with four cases[27] which the court has previously accepted for review.

In general, a first group of Courts of Appeal holds that the constitutional standard of invention as delineated by this Court prior to 1952 necessarily is retained in 35 U.S.C. 103.

Another group of appellate courts, disregards the mandate of the Constitution, to hold that the pre-1952 standard of invention delineated by this Court, has been substantially lowered by the enactment of 35 U.S.C. 103.

In the specific area of claims defining "combinations" of old elements, one group of courts has now adopted the philosophy that patentability no longer

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ington, May 22, 1951". Line 14, after "thereof" cancel period and insert "whether or not known at the time the invention was made."

[27]Nos. 11, 37, 43, 55.

requires an unexpected result to be consequent from the "combination". These courts hold that it is no longer required for patentability that the combination of old elements in some way exceed the sum of its parts. These courts sustain patent claims on the basis of other criteria such as commercial success.

The Tenth Circuit Court of Appeals by the decision below has now placed itself in this latter category.

The Swift patent was sustained on the basis of a "test" defined by the court below as follows:

> ". . . The test of whether a particular patent is a mere aggregation and invalid or a combination and valid has been variously stated. Generally, where elements old in the art are united in such a way that a new and useful result is secured or an old result is attained in a more facile, economical and efficient manner, there is a patentable combination. Bewal, Inc. v. Minnesota Mining and Mfg. Co., 10 Cir., 292 F.2d 159; Oliver United Filters v. Silver, 10 Cir., 206 F.2d 658, cert denied, 346 U.S. 923, 74 S.Ct. 308, 98 L.Ed. 416." (App., pp. 16a-17a).

Review should be granted in this case particularly because the Swift patent is the cornerstone of respondent's successful scheme for maintaining the whole well logging industry in servitude to its patents.

Respondent has filed at least sixteen other lawsuits. In most cases the defendants have capitulated without a struggle in view of the ruling below.

Conclusion.

For the reasons stated this Petition for a Writ of Certiorari should be granted.

EDWARD S. IRONS,
1000 Connecticut Avenue, N.W.,
Washington, D.C. 20036.

R. WELTON WHANN,
315 West Ninth Street,
Los Angeles, Calif. 90015,
Attorneys for Petitioner.